

section 13(a)(2). In order for those employees to be exempt the establishment by which they are employed must meet all the requirements of the 13(a)(4) exemption.

(d) One of the requirements of the section 13(a)(4) exemption is that an establishment which makes or processes goods must be recognized as a retail establishment in the industry. Generally an establishment described in paragraph (b)(3) of this section which receives finished stock and in addition receives some semifinished work, including sawed, steeled, or polished granite slabs or sand-rubbed marble, etc., and performs such operations as cutting ends, tops, or joints on the dies, is a type of establishment which is recognized as a retail establishment in the industry. On the other hand, those establishments which characteristically engage in the sawing or lining up of rough stone, or in the machine surfacing and polishing of stone, such as the activities performed in an establishment described in paragraph (b)(4) of this section, are not recognized as retail establishments in the particular industry within the meaning of section 13(a)(4). Therefore, their employees who engage in such processing of monuments are not exempt under this section of the Act.

FROZEN-FOOD LOCKER PLANTS

§ 779.364 May qualify as exempt 13(a)(2) or 13(a)(4) establishments.

(a) An establishment engaged in providing frozen-food locker service to farmers and other private individuals and rendering services thereto may qualify as an exempt retail or service establishment under section 13(a)(2) of the Act if it meets all the requirements of that exemption. Similarly, a frozen-food locker plant which also engages in slaughtering and dressing livestock or poultry for sale may qualify as an exempt establishment under section 13(a)(4) of the Act if it meets all the requirements of that exemption.

(b) *Activities of frozen-food locker plants.* Frozen-food locker plants provide locker service for the cold storage of frozen meats, fruits, and vegetables and engage in incidental activities such as the cutting of meat, cleaning,

packaging or wrapping and quick freezing, of meats, fruits, or vegetables for such locker service. In such establishments lockers are rented principally to farmers and other private individuals for the purpose of storage by them of such goods for their own personal or family use. Storage space and related services may also be provided for business or commercial use such as to hotels, stores or restaurants, or to farmers or other customers who use it to store meat and other goods for future sale. Such locker plants may also engage in such activities as the custom slaughtering and dressing of livestock or poultry and the curing, smoking, or other processing of meat owned by farmers and other private individuals for storage by those customers either in their home freezers or in locker plants for the customers' personal or family use. The custom slaughtering or processing activities of such locker establishments may be performed on the premises of the establishments or at some location away from the establishment.

(c) *Classification of sales.* In determining whether, under the 13(a)(2) exemption, 75 percent of the establishment's sales are not for resale and are recognized as retail sales in the industry, the receipts from the locker service and the incidental activities mentioned in the first sentence of this section and from the slaughtering, dressing, or other processing of livestock or poultry performed for farmers and other private individuals for their own use, but not where the goods are to be sold to others by the customer, will be counted as receipts from sales of services recognized as retail in the industry. Receipts from commercial storage and activities incidental thereto and from the sale of hides, offal or other byproducts will be counted as receipts from sales of goods or services made for resale or which are not recognized as retail sales of goods or services in the industry.

(d) Some locker plant establishments also include a meat market of the type which slaughters its own livestock or poultry (as distinguished from the slaughtering performed as a service to customers on the customers' own livestock) and processes such meat for sale

by it to the general public. In performing such operations as the slaughtering, curing, and smoking of meat and the rendering of fats for sale, the establishment is making or processing goods that it sells and is not performing retail services for its customers. Employees engaged in these activities in such an establishment, therefore, are not exempt under section 13(a)(2) but may be exempt if the establishment meets the tests of a combination 13(a)(2)-13(a)(4) exemption in accordance with the principles stated in § 779.343. As a general rule, such a meat market which slaughters its own livestock and sells its meat to the general public is a type of establishment which may be recognized as a retail establishment in the industry within the meaning of the 13(a)(4) exemption. Whether a particular establishment, however, is so recognized depends upon the facts of the case. It should be noted that where such slaughtering, curing or smoking is, for any reason, performed away from the premises of the establishment where the meat is sold, the employees engaged in such activities are not employees employed by a retail establishment which "makes or processes at the retail establishment the goods that it sells" within the meaning of the 13(a)(4) exemption and cannot, therefore, be exempt under that section.

AUTOMOTIVE TIRE ESTABLISHMENTS

§ 779.365 May qualify as exempt 13(a)(2) or 13(a)(4) establishments.

(a) An establishment engaged in the selling of tires, tubes, accessories and of repair services on tires may qualify as an exempt retail or service establishment under section 13(a)(2) of the Act if it meets all the requirements of that exemption. Similarly, an establishment engaged in retreading or recapping tires may qualify as an exempt establishment under section 13(a)(4) of the Act if it meets all the requirements of that exemption.

(b)(1) In determining whether, under the 13(a)(2) exemption, 75 percent of the establishment's sales are not made for resale and are recognized as retail sales in the industry, sales other than those described hereinafter in the subparagraphs of this paragraph may be so

counted if they meet all the requirements for such classification as previously explained in this subpart. Not eligible for inclusion in the requisite 75 percent are sales of goods that cannot be the subject of a retail sale because the goods are not of a "retailable" type or the sales of such goods lack the "retail concept" (see § 779.321). Nor can sales for resale be counted toward the 75 percent. For example, sales of tires, tubes, accessories or services to garages, service stations, repair shops, tire dealers and automobile dealers, to be sold or to be used in reconditioning vehicles for sale are sales for resale. Further, the sales of tires, tubes, accessories and tire repair services, including retreading and recapping, which are described in the following paragraphs (b) (2) through (7), are not recognized as retail in the industry.

(2) Sales made pursuant to a formal invitation to bid: Such sales are made under a procedure involving the issuance by the buyer of a formal invitation to bid on certain merchandise for delivery in accordance with prescribed terms and specifications. Sales to the Federal, State and local governments are typically made in this manner.

(3) Sales to "national accounts" as known in the trades; that is, sales where delivery is made by the local tire dealer under a centralized pricing arrangement between the customer's national office and the tire manufacturer; payment may be made either to the local dealer or direct to the tire manufacturer under a centralized billing arrangement with the customer's national office.

(4) Sales to fleet accounts at wholesale prices: As used in this section, a "fleet account" is a customer operating five or more automobiles or trucks for business purposes. Wholesale prices for tires, tubes, and accessories are prices equivalent to, or less than, those typically charged on sales for resale. If the establishment makes no sales of passenger car tires for resale, the wholesale price of such tires will be taken to be the price typically charged in the area on sales of passenger car tires for resale. If the establishment makes no sales of truck tires for resale, the wholesale price of such tires will be